

Corps/BPA Joint Water Management Partnership Response to Staff Comments from the June 21 & 25 Meetings August, 2004

PHILOSOPHY AND POLICY ALIGNMENT

C: Fifth sub-bullet under Corps' power responsibility: Pretty words. How about: Corps acknowledges that maximizing secondary revenues is crucial to BPA's mission of keeping firm power rates low.

Agreed. The suggested text is to the point and will be adopted.

CLARIFICATIONS

1. How does the Corps justify "Regional Benefits" at the expense of "National Benefits"? Inconsistent with Corps National Perspective.
The National Economic Development (NED) benefits which were central to the authorization of Corps of Engineers projects were based on project purposes like flood control, navigation, power, recreation, irrigation, and fish and wildlife. These purposes yield benefits not only to the region but also to the national economy.
2. The Corps owns and operates project. The Corps has ultimate legal authority.
The Corps of Engineer projects are the assets of the U.S. Government with the responsibility of operating and maintaining these projects to achieve the authorized project purposes and benefits assigned to the Corps of Engineers. This is not an issue within the partnership and the "philosophy and policy" support the statutory role of the Corps of Engineers.
3. Clarification of Canadian role?
The purpose of this document was to resolve Policy issues identified in the report from the survey of BPA/COE Managers and the focus groups. No policy issues were identified in the survey with respect Canadian issues, and thus need not be addressed in this document. See Roles and Responsibilities, omissions #2
4. Fish recovery can provide/create benefits – not all environmentally negative.
Agreed. Both agencies have statutory obligations for the protection fish, wildlife, and the environment that recognizes the multi-purpose function of the FCRPS.
5. "Honest Broker" – So is "partnership" acting as an honest broker or is the BPA partner just one of the "sides"?
"Honest Broker" is inclusive of the partnership with BPA, **while meeting all regional responsibility**. The Corps listens to **input from all interested parties** ~~all~~ **sides** and attempts to negotiate a reconciliation of the issues except when there is a power emergency where BPA has sole responsibility to decide the appropriate

actions required or there is an imminent flood event and the Corps has the sole responsibility to decide.

6. Accountability Decisions should reflect “and” thinking instead of “or”. Harder to do but better outcomes if we meet COE AND BPA needs.

Agreed - and we will capture the "and" in the Joint Outcomes.

7. System decision making policy needs to be rewritten to talk about joint decisions.

The system decision making policy flows from our statutory obligations and responsibilities as unique Federal agencies (Corps, BOR, BPA). Many of our decisions can be made jointly, and we are working on Joint Outcomes to define those decisions.

8. Consider it is “Our River System” (not the Corps’, BPA’s or BOR’s) to benefit the Pacific Northwest including fish and environment.

It is our river, and our includes the citizens of the Pacific Northwest as well as the citizens of the U.S. The action agencies have the Statutory/Regulatory requirements to manage the system for many needs, including fish and wildlife.

9. When you are making a decision that you know might impact the other agency’s job or mission, think ahead about what would work best for both. It’s easier to address before something is in place.

Agree. The Partnership “Philosophy and Policy” is focused on considering impacts of decisions on the other agency, communicating in a timely manner all information which may describe the impacts on the other agency, and working collaboratively to achieve a decision which attempts to meet the needs of each agency.

10. Columbia River System was built by U.S. taxpayers. Being repaid regional at a subsidized rate?

The Columbia River System was built by U.S. taxpayers. The debt on the system allocated to power (about 80%) is being re-paid to the U.S. Treasury by BPA. These funds were borrowed from the U.S. Treasury to fund construction of the projects based on then market rates. BPA also funds the yearly operations and maintenance costs of the projects allocated to power (also about 80%). Congress funded the capital and funds the yearly O&M (about 20%) attributed to the other multi-purpose functions. Thus, the U.S. taxpayer is not subsidizing the power portion of the FCRPS.

11. You say “Corps” but you really mean water management. Right? How are we going to deal with the Corps stripping money from joint O&M, thereby giving up the direct funded share?

The word “Corps” in the “Philosophy and Policy” does mean “Corps of Engineers Columbia Basin Water Management Division” as identified in the opening sentence of the “Philosophy and Policy”. Similarly “Bonneville” means “Bonneville Power Administration”. The issue described is a matter which must

be addressed in the Corps/Bonneville Joint Operating Committee (JOC). The Corps manages its appropriated funds to address funding needs which at times compete with hydropower needs.

12. What is the cost to PF rates of 0-5% flood avoidance – 5-10%?

BPA's Priority Firm (PF) power rate is lower due to flood control requirements in general, although in-season management decisions on flood avoidance can result in lost revenues. The Joint Outcomes process may look at some of these issues in terms of risk

13. The first bullet, last sentence concerns me. It says that the goal is “lower than national average rates for economic development.” I think we ought to target a rate for economic development that *exceeds* the national average. I assume what was *really* intended was *power* rates lower than national average – that is potentially too lax a goal since BPA’s mandate is to set rates at the lowest level *possible*. Lower than national average may not be as low as they could be – so let’s not settle for “watered down.”

See revision to first bullet.

Economics:

- Clear policy and guidance on value of purpose (irrigation, flood control, power, fish, recreation, etc)
- Tie between long-term benefit assessments and Rates & Resources
- Appropriate risk levels
- Value of ancillary services.

Many of these issues will be addressed in the Joint Outcomes document.

OMISSIONS

1. Lost opportunities should include (05) fish and wildlife opportunity not just \$.

Meeting fish recovery and environmental goals is a consideration in making all decisions. Benefits will be a measure developed by under “Outcomes”.

2. Philosophy & Policy Align. – How is Corps responsible to meet regional load?

The Corps is responsible to meet regional load by ensuring power generation availability matches seasonal energy demand. This is accomplished by scheduling “unit maintenance” outside the periods of critical seasonal demand for power.

3. Joint Water Management Partner Model – Need to add to BPA F&W, Power Reliability, Economic Benefits.

The Joint Water Management Partnership model was developed for the Corps Water Management Division and BPA's Power and Operations Planning Branch, who work closely with each other on water management in the Columbia Basin. Certainly both agencies could benefit by including other departments, and that

would desirable as a long-term goal. For the present, we have decided to focus on our respective water management groups as a first step.

4. No reference to Treaty obligations – legal, administrative, practical.

The purpose of this document was to resolve Policy issues identified in the report from the survey of BPA/COE Managers and the focus groups. No policy issues were identified in the survey with respect Treaty obligations, and thus need not be addressed in this document. See Roles and Responsibilities.

BARRIERS

1. Institutional policies (i.e. Army) that hampers effective operation and cooperation.

The Corps-BPA Team needs to identify the perceived “Institutional Barriers” and examine whether they are true barriers to establishing an effective partnership. If there are true barriers, then the Corps will pursue the possibility of obtaining a waiver from the policy.

2. Lack of direct and effective command and control of network equipment and personnel used for data exchange.

To the extend that Barriers exist from the command and control of network equipment and personal the Corps-BPA team needs to identify these Barriers and work within our existing organizations to remove them. We also need to rely on staff to help raise these issues so they can be addressed.